

Message Text

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SUBJECT: FALL 1975 CANTON TRADE FAIR - A VIEW AT THE MID-POINT

SUMMARY. IN CONTRAST TO THE SLUGGISH START OF THE LAST FAIR, THE 1975 FALL CANTON FAIR BEGAN BRISKLY OCTOBER 15. ATTENDANCE THROUGH THE FIRST TWO WEEKS WAS UP FOR ALMOST ALL OF CHINA'S MAJOR TRADING PARTNERS, INCLUDING THE U.S. FAIR DEPUTY DIRECTOR WANG TOLD USLO CHIEF BUSH THAT MORE THAN 350 AMERICANS HAD VISITED THE FAIR DURING THE FIRST TWO WEEKS. THIS INCREASE IN ATTENDANCE, HOWEVER, DOES NOT NECESSARILY REPRESENT AN EQUIVALENT INCREASE IN THE BUSINESS CARRIED OUT AT THE FAIR. MANY OF THE FIRST-TIME AMERICAN VISITORS TO THE FAIR ARE DOING LITTLE BUSINESS. SOME OF THE LARGER FIRMS ATTENDED THE FAIR PRINCIPALLY AS A MEANS OF MAINTAINING OR DEVELOPING PERSONAL CONTACT WITH THE CHINESE TRADING CORPORATIONS OR AS ONE STEP IN A SELLING CAMPAIGN. PROGRESS CONTINUES TO BE MADE IN BUSINESS PRACTICES IMPORTANT TO AMERICAN BUSINESSMEN AND IN THE CONDUCT OF THE FAIR IN GENERAL. END SUMMARY.

1. AN ESTIMATED 1500 FOREIGN BUSINESSMEN ATTENDED THE
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OPENING OF THE 1975 FALL CANTON TRADE FAIR DESPITE A

TYPHOON IN HONG KONG WHICH DELAYED SOME TRAVELERS. IN CONTRAST TO THE LAST FEW CANTON FAIRS, BUSINESS BEGAN BRISKLY AND ATTENDANCE WAS UP FOR ALMOST ALL OF CHINA'S MAJOR TRADING PARTNERS DURING THE FIRST HALF OF THE FAIR. USLO OFFICERS AT THE FAIR WERE TOLD BY JAPANESE EMBOFF THAT ABOUT 2000 JAPANESE BUSINESSMEN HAD ATTENDED THE FIRST TWO WEEKS OF THE FAIR, AS MANY AS HAD ATTENDED THE ENTIRE 1974 FALL FAIR. HE ESTIMATED THAT PERHAPS 3000 WOULD VISIT THE FAIR BEFORE IT ENDED NOVEMBER 15. INCREASED ATTENDANCE WAS ALSO INTIMATED BY BRITISH, CANADIAN AND AUSTRALIAN REPRESENTATIVES.

2. ONE OF THE FEW EXCEPTIONS TO THE GENERAL INCREASE IN ATTENDANCE MAY HAVE BEEN HONG KONG, SINCE NEW AND MORE STRINGENT REQUIREMENTS FOR THE ISSUANCE OF FAIR INVITATIONS TO HONG KONG RESIDENTS WERE IN EFFECT FOR THIS FALL. BY ISSUING NON-TRANSFERABLE INVITATIONS TO INDIVIDUALS RATHER THAN TO FIRMS, AS UNDER THE PREVIOUS SYSTEM, FAIR OFFICIALS APPARENTLY WERE ATTEMPTING TO LIMIT THE "HOLIDAY" CROWD FROM HONG KONG AND PERHAPS TO ELIMINATE THE RUMORED SALE OF INVITATIONS.

3. AMERICAN ATTENDANCE ALSO SHOWED A STRONG INCREASE. DURING HIS OCTOBER 29 MEETING AT THE FAIR WITH USLO CHIEF BUSH, FAIR DEPUTY DIRECTOR WANG YUN-SHENG SAID THAT MORE THAN 350 AMERICANS HAD ATTENDED THE FIRST TWO WEEKS OF THE FAIR AND THAT ABOUT 170 WERE PRESENTLY IN CANTON. THIS COMPARES WITH A TOTAL US ATTENDANCE OF 440 FOR THE 1975 SPRING FAIR. MORE THAN 150 AMERICANS REPRESENTING NEARLY 100 FIRMS, AS WELL AS CHINESE FAIR OFFICIALS, ATTENDED A RECEPTION HOSTED BY AMBASSADOR BUSH ON THE EVENING OF OCTOBER 28.

4. FOR SEVERAL REASONS, INCREASED U.S. ATTENDANCE MAY NOT PRESAGE AN EQUIVALENT INCREASE IN BUSINESS DONE BY AMERICANS AT THE FAIR. SIGNS OF ECONOMIC UPTURN IN THE US MARKET APPARENTLY WERE NOT TRANSLATED INTO INCREASED DEMAND BY AMERICAN IMPORTERS AT THE FAIR DURING THE FIRST TWO WEEKS. IN ADDITION, MANY OF THE AMERICAN PARTICIPANTS ARE FIRST-TIME VISITORS SOME OF LIMITED OFFICIAL USE

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WHOM CAME PRINCIPALLY TO TEST THE WATER RATHER THAN IN THE EXPECTATION OF TRANSACTING BUSINESS. IN OTHER INSTANCES, FIRST TIME VISITORS WERE LIMITED IN THEIR PURCHASES BY THE CHINESE SELLERS, WHO GENERALLY PREFER TO BUILD UP BUSINESS RELATIONSHIPS GRADUALLY. FINALLY, SOME OF THE ESTABLISHED TRADERS NOW ARE DOING A LARGER PERCENTAGE OF THEIR BUSINESS DURING THE PERIODS BETWEEN THE FAIRS THAN WAS THE CASE IN THE PAST.

5. MANY MAJOR FIRMS WERE REPRESENTED IN CANTON, INCLUDING LOCKHEED, UNITED TECHNOLOGIES, ROCKWELL INTERNATIONAL, KODAK, AND A NUMBER OF CHEMICAL COMPANIES (DOW, DREW, ALLIED, DIAMOND SHAMROCK, SOBIN AND UNION CARBIDE) ALL HAD TEAMS AT THE FAIR. IN MOST CASES, HOWEVER, ONLY A LIMITED AMOUNT OF BUSINESS WAS TRANSACTED BY THESE FIRMS DURING THE FIRST TWO WEEKS. FOR DREW CHEMICAL, UNITED TECHNOLOGIES AND ROCKWELL INTERNATIONAL, FOR INSTANCE, THE FAIR VISIT WAS VIEWED PRIMARILY AS ONE STEP IN A CAMPAIGN TO MAKE SPECIFIC HIGH-VALUE SALES TO THE PRC. IN THE CASE OF KODAK, LOCKHEED AND UNION CARBIDE PARTICIPATION IN THE FAIR WAS PRINCIPALLY A PUBLIC RELATIONS GESTURE.

6. BUSINESS IN THE FIRST TWO WEEKS OF THE FAIR FOLLOWED THE PATTERN OF PREVIOUS FAIRS. AS IN THE PAST, LITTLE BUSINESS WAS DONE IN COMMODITIES DURING THE FIRST WEEK OR IN METALS DURING THE FIRST TWO WEEKS OF THE FAIR, CEROILFOODS AND MINMETALS WAITED TO SEE WHAT THE DEMAND WOULD BE. EUROPEAN TRADERS REPORTED THAT NO SOYBEANS WERE AVAILABLE. AMERICAN BUYERS WERE MOST ACTIVE IN TEXTILES AND CHEMICALS, WHERE AVAILABILITY OF THE REQUIRED QUANTITY WAS THE CRITICAL POINT. HANDICRAFTS AND OTHER LIGHT INDUSTRIALS WERE ALSO BEING TRADED BRISKLY. IN THIS AREA, THE LONG DELIVERY SCHEDULES FOR BOTH SAMPLES AND ORDERS CONTINUE TO POSE PROBLEMS FOR AMERICAN BUYERS.

7. BUSINESSMEN AT THE 1975 FALL CANTON FAIR CONTINUE TO EXPAND THE AREAS WHERE THE CONCESSIONS TO WESTERN BUSINESS PRACTICES, WON FROM THE CHINESE CORPORATIONS IN LIMITED OFFICIAL USE

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SPECIFIC INSTANCES AT PREVIOUS FAIRS, ARE BEING ACCEPTED AS STANDARD PRACTICE, AT LEAST FOR FIRMS WHICH COUNT AS "OLD FRIENDS". DENOMINATION OF CONTRACTS IN DOLLARS, PROVISION OF ADEQUATE SAMPLES, THIRD-COUNTRY ARBITRATION, AND BRAND LABELING ARE EXAMPLES OF SUCH AREAS. MORE ATTENTION IS ALSO BEING PAID TO THE DESIRE OF FOREIGN TRADERS FOR A QUICKER BARGAINING PACE, TO PACKAGING REQUIREMENTS AND TO CONTENT LABELING. NONE OF THESE TROUBLE AREAS, REPORTED BY USLO IN THE PAST, HAVE BEEN SOLVED COMPLETELY, AND IN SOME INSTANCES, THEY CONTINUE TO PROVE VERY DIFFICULT. NEVERTHELESS, SOME PROGRESS ACROSS THE BOARD IS EVIDENT AT THIS YEAR'S FAIR.

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